

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re: : Chapter 11
LEHMAN BROTHERS HOLDINGS INC., *et al.*, : Case No. 08-13555 (JMP)
Debtors. : (Jointly Administered)
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**STIPULATION AND ORDER BETWEEN LEHMAN BROTHERS SPECIAL
FINANCING INC. AND AIG MARKETS, INC. (F/K/A AIG CDS, INC.)**

Lehman Brothers Special Financing Inc. ("LBSF"), as a debtor and debtor in possession (together with Lehman Brothers Holding Inc. ("LBHI") and its affiliated debtors and debtors in possession in the above-referenced chapter 11 cases, the "Debtors"), on the one hand, and AIG Markets, Inc. (f/k/a AIG CDS, Inc.) ("AIG," and, together with LBSF, the "Parties" and each a "Party"), on the other hand, by and through their respective counsel, hereby enter into this Stipulation and represent and agree as follows:

A. WHEREAS, on November 13, 2008, the Debtors, pursuant to Sections 105 and 365 of the Bankruptcy Code and Rules 6006 and 9019 of the Federal Rules of Bankruptcy Procedure moved the Court for entry of an order establishing procedures for the assumption and assignment of derivative contracts (the "Derivative Contracts") the Debtors entered into with various counterparties and the settlement of claims arising from the termination of Derivative Contracts (Docket No. 1498) (the "Derivatives Procedures Motion");

B. WHEREAS, on November 28, 2008, AIG filed an objection to the Derivatives Procedures Motion (the "Objection to the Derivatives Procedures Motion");

C. WHEREAS, on December 16, 2008, the Court entered that certain Order Pursuant to Sections 105 and 365 of the Bankruptcy Code to Establish Procedures for the Settlement or Assumption and Assignment of Prepetition Derivative Contracts (Docket No 2257) (as supplemented by Docket Nos. 2557, 5292 and 5544, the “Derivatives Procedures Order”);

D. WHEREAS, on August 7, 2009, LBSF filed that certain Motion of Debtor and Debtor in Possession Pursuant to Sections 105(a), 362 and 365 of the Bankruptcy Code, to Compel Performance by AIG CDS, Inc. of Its Obligations Under an Executory Contract and to Enforce the Automatic Stay (Docket No. 4728) (the “Motion to Compel”);

E. WHEREAS, on October 5, 2009, AIG filed that certain Objection of AIG CDS, Inc. to the Motion of Debtor and Debtor in Possession Pursuant to Sections 105(a), 362, and 363 of the Bankruptcy Code, to Compel Performance by AIG CDS, Inc. of Its Obligations Under an Executory Contract and to Enforce the Automatic Stay (Docket No. 5334); and

F. WHEREAS, as of the date hereof, the Parties have agreed upon a joint resolution, whereby LBSF withdraws its Motion to Compel and AIG withdraws its Objection to the Derivatives Procedures Motion and agrees to be bound by the terms of the Derivatives Procedures Order, including the Assumption and Assignment Procedures (as defined therein);

NOW, THEREFORE, IT IS HEREBY STIPULATED, AGREED AND, UPON COURT APPROVAL HEREOF, IT SHALL BE ORDERED THAT:

1. The Motion to Compel is hereby WITHDRAWN with prejudice with respect to those certain Credit Derivative Transactions that were the subject of the Motion to Compel.

2. The Objection to the Derivatives Procedures Motion is hereby WITHDRAWN, with prejudice; and AIG agrees to be bound by the Derivatives Procedures Order, including the Assumption and Assignment Procedures (as defined therein).

3. Each person who executes this Stipulation on behalf of a Party hereto represents that he or she is duly authorized to execute this Stipulation on behalf of such Party.

4. This Stipulation may be executed in counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

5. This Stipulation shall have no force or effect unless and until it is approved by this Court.

6. This Court shall retain jurisdiction to hear and determine all matters arising from or related to the implementation and/or interpretation of this Stipulation.

AGREED TO:

Dated: March 19, 2010
New York, New York

/s/ Aviva Warter Sisitsky
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*Attorneys for AIG Markets, Inc.
(f/k/a AIG CDS, Inc.)*

SO ORDERED:

Dated: New York, New York
April 1, 2010

s/ James M. Peck
Honorable James M. Peck
United States Bankruptcy Judge